

**2002 ANNUAL REPORT ON
CONSUMER ASSISTANCE**



**MAINE PUBLIC UTILITIES COMMISSION
CONSUMER ASSISTANCE DIVISION**

ANNUAL REPORT ON CONSUMER ASSISTANCE 2002

**Consumer Assistance Division
Maine Public Utilities Commission**

**242 State Street
18 State House Station
Augusta, ME 04333-0018**

**800/452-4699
207/287-3831
800/457-1220 (TTY)
207/287-1039 (Fax)**

**maine.puc@maine.gov
www.state.me.us/mpuc**

TABLE OF CONTENTS

I. INTRODUCTION	1
II. THE YEAR IN REVIEW	1
A. Revised Credit and Collection Requirements for Telecommunications Carriers.....	1
B. Slamming.....	3
C. Cramming	6
D. Low-Income Assistance for Electric Customers.....	6
E. Electric Line Extensions	7
F. Management Audit of Northern Utilities.....	9
III. CONSUMER CONTACTS	10
A. Consumer Complaints	11
B. Requests for Information	14
C. Requests for Winter Disconnection	14
D. Requests for Exemption.....	15
E. Violations of Commission Rules.....	16
IV. UTILITY COMPLAINT PROFILES	16
A. Electric Utilities.....	17
1. Central Maine Power Company	18
2. Bangor Hydro-Electric Company	18
3. Maine Public Service Company.....	19
B. Telephone Utilities.....	19
1. Verizon.....	21
2. AT&T	21
3. MCI.....	21
4. Other Interexchange Carriers.....	22
C. Natural Gas Utilities.....	22
D. Water Utilities.....	23
E. Water Common Carriers.....	23
V. EDUCATION AND OUTREACH	23
A. Consumer Bulletins	23
B. Other Outreach Activities.....	24
VI. LOOKING FORWARD TO 2003	25

LIST OF FIGURES

Figure 1: Slamming Complaints (by Year).....	4
Figure 2: Consumer Complaints (by Year)	12
Figure 3: Consumer Complaints (by Utility Type)	12
Figure 4: Complaint Rates (by Utility Type).....	17
Figure 5: Electric Utility Complaint Rates.....	18
Figure 6: CMP Complaints (by Issue).....	18
Figure 7: BHE Complaints (by Issue)	19
Figure 8: MPS Complaints (by Issue)	19
Figure 9: Telephone Utility Complaint Rates.....	20
Figure 10: Verizon Complaints (by Issue)	21
Figure 11: NUI Complaints (by Issue).....	22

LIST OF TABLES

Table 1: Slamming Complaints (by Carrier)	4
Table 2: Customers Slammed (by Carrier).....	5
Table 3: Customers Crammed (by Service Provider).....	6
Table 4: Abatement Amounts	13
Table 5: Winter Disconnection Requests.....	15

APPENDIX

Utility Complaints Received in 2002

I. INTRODUCTION

The Maine Public Utilities Commission (the “Commission”) is an independent agency created by the Maine Legislature to ensure safe, adequate, and reliable utility service at rates that are just and reasonable for both consumers and public utilities. The Commission has jurisdiction over electric, gas, water, and telephone utilities, and ferries in Casco Bay. The Commission grants utility operating authority, regulates utility service standards, responds to consumer questions and complaints, monitors utility operations for safety and reliability, and oversees a statewide electric energy conservation program.

The Consumer Assistance Division (the “CAD”) is the Commission’s primary link with utility consumers. The CAD is charged with ensuring that consumers, utilities, and the public receive fair and equitable treatment through education, resolution of complaints, and evaluation of utility compliance with consumer protection rules. To promote understanding and prevent disputes, the CAD seeks to educate and inform consumers and utilities about utility-related consumer service issues, and consumer rights and responsibilities. The CAD’s role as an educator has expanded in recent years as the regulated utility industry has changed, particularly with the development of competition in the telecommunications and electric industries.

Duties of the CAD include responding to information requests, investigating and resolving disputes between consumers and utilities, assessing utility compliance with consumer-related statutes and Commission rules, implementing enforcement actions regarding violations of Maine statutes and Commission rules by utilities, and screening requests from utilities seeking to disconnect gas or electric service in the winter. The CAD also assists utilities in designing and operating effective consumer service programs that are fair to both consumers and utilities. This report is a summary of the CAD’s activities in 2002.

II. THE YEAR IN REVIEW

The CAD’s major initiatives in 2002 included: revising the rules regulating credit and collection activities for telecommunications carriers; investigating slamming and cramming complaints; reviewing low-income assistance programs for electric customers; revising the electric line extension rules; and investigating the management practices of Northern Utilities. Each of these is discussed in detail below.

A. Revised Credit and Collection Requirements for Telecommunications Carriers

The CAD led an effort to replace the existing consumer protection rules for telecommunications carriers (Chapters 81 and 86) with new consumer protection rules that take into consideration the competition that exists in today’s

telecommunications market. The Commission adopted the new rules (Chapters 290, 291, and 292) on June 30, 2002. The new rules are based on the premise that:

- Competition can and will exist in the basic services market, and does exist in the intrastate toll market;
- Barriers to entry into the local exchange market must be removed for competition to flourish;
- Every citizen in the State of Maine will have access to and retain basic telephone service; and
- Regulation must be consistent with and facilitate a competitive marketplace while ensuring a high level of consumer protection where needed.

The new rules are separated into three chapters: Chapter 290 applies to eligible telecommunications carriers, i.e., typically incumbent local exchange carriers; Chapter 291 applies to non-eligible telecommunications carriers, i.e., competitive local exchange carriers; and Chapter 292 applies to interexchange carriers, i.e., providers of toll service. Three separate rules were adopted to provide the appropriate level of consumer protection based on the level of competition that exists in that particular market segment. Local exchange service is more heavily regulated with lighter disclosure requirements, while the rules governing interexchange carriers are heavier on disclosure and lighter on prescriptive requirements.

In addition to distinguishing between toll service and local service, the rules also distinguish between eligible telecommunications carriers (ETCs) and non-eligible telecommunications carriers (non-ETCs). Under federal law (47 C.F.R. § 54.201), a local exchange carrier is eligible to receive federal universal support funds if it meets certain criteria, including a requirement that it serve all customers within its territory and that it offer programs to assist low-income persons in maintaining their telephone service. Eligibility for ETC status is open to both incumbent local exchange carriers and competitive local exchange carriers. However, only incumbent local exchange carriers have ETC status in Maine thus far.

The rules establish detailed consumer protection standards for ETCs to ensure that citizens have access to and retain affordable local exchange service. The less prescriptive consumer protection standards for non-ETCs are intended to promote competition and remove barriers to entry into the local exchange market. Finally, consumer protection standards for interexchange carriers and optional service providers focus primarily on disclosure rather than prescriptive regulation. The rationale behind this three-tiered system is that consumers have the ability to choose their intrastate toll carrier and providers of optional services, and can thus choose another carrier if they are dissatisfied with the services of their current carrier.

Because consumers must retain basic telephone service to have the ability to choose providers of other telecommunications services, the most prescriptive regulation applies to ETCs, the “carrier of last resort” for basic telephone service.

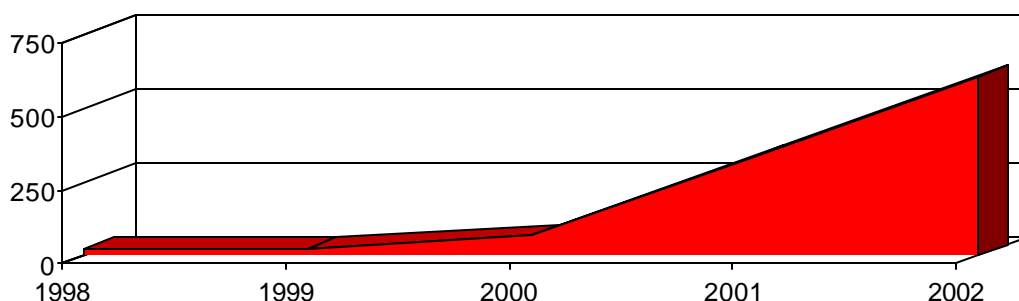
Consumers need to be informed if they are to realize the benefits of competition. Therefore, disclosure of service offerings and customer rights can (and should) take the place of prescriptive regulation in markets where there is effective competition. Knowledgeable consumers can choose the calling plan or carrier that best suits their needs. If consumers are not satisfied with the services of one company, they can choose another. Consumers must have the information necessary to compare one company to another, such as terms of service, rates, and calling plan information. The new rules help ensure that consumers have the information they need.

On August 14, 2002, the CAD and other Commission staff met with telecommunication carriers to discuss implementation of the new rules. Each rule was reviewed section by section. In addition, information on general procedural issues was provided, as well as answers to specific questions. Carriers were also given the opportunity to discuss implementation challenges they expected to encounter.

B. Slamming

Consumers in Maine have the right to choose which company provides their local and long distance telephone service. Sometimes a change in service is made without a consumer’s knowledge or consent. This practice, known as “slamming,” violates state and federal laws, as well as rules of the Maine Public Utilities Commission and the Federal Communications Commission (FCC). The Maine Commission has jurisdiction over slamming complaints involving local service (dial tone) and intrastate toll service. In addition, the CAD began investigating interstate slamming complaints in November 2000 when FCC rules allowed states to become the first point of contact for resolving these complaints.

Investigating slamming complaints and bringing enforcement actions against slamming carriers were the most resource intensive tasks for the CAD in 2002. The CAD received 608 slamming complaints in 2002, an 80% increase over the 337 received in 2001, and a 780% increase over the 69 complaints received in 2000. This increase was due at least in part to the continued expansion of competition in the telecommunications industry, which began in earnest when the in-state toll service market was opened to full competition in 1997. As shown in Figure 1, there is a correlation between increased competition and the number of slamming complaints received by the CAD.

Figure 1: Slamming Complaints (by Year)

Of the slamming complaints received in 2002, 488 alleged an unauthorized change of both in-state and out-of-state services, 64 alleged an unauthorized change of only in-state service, and 56 alleged an unauthorized change of only out-of-state service. The majority of the slamming complaints were against interexchange carriers. Table 1 lists the carriers against whom the CAD received five or more slamming complaints in 2002.

Table 1: Slamming Complaints (by Carrier)

Carrier	No. of Complaints
AT&T Communications	65
Business Options, Inc.	139
Log On America, Inc.	5
MCI WorldCom Communications, Inc.	79
National Accounts, Inc.	10
NUI Telecom, Inc.	10
OneStar Long Distance	18
Optical Telephone Corp.	13
Qwest Communications Corp.	6
Sprint Communications	19
UKI Communications, Inc.	25
Verizon Maine	8
WebNet Communications, Inc.	15
World Communications Satellite Systems	147

For slamming complaints resolved in 2002, the CAD found that 192 customers were in fact slammed. Table 2 lists the carriers against whom the CAD made five or more findings of slamming in 2002. (Note: These figures do not reflect the large number of slamming cases being held open pending resolution of enforcement action.)

Table 2: Customers Slammed (by Carrier)

Carrier	No. of Customers
AT&T	28
Business Options	23
Log On America, Inc.	5
MCI WorldCom	16
National Accounts	9
NUI Telecom	6
OneStar Long Distance	9
Optical Telephone	12
Qwest Communications	5
Sprint Communications	13
UKI Communications	19
World Communications Satellite Systems	15

In 2002, the Commission established a process for reviewing slamming complaints in situations in which staff believed an administrative penalty was warranted due to either the large number of complaints received or the egregious nature of the violations. Between June 2001 and March 2002, the CAD received a substantial number of complaints against WebNet Communications, Inc. (WebNet), most of which involved slamming. On March 12, the Commission opened an investigation into the practices of WebNet. On July 1, staff filed a report with the Commission describing the 144 consumer complaints received by the CAD against WebNet in 2001 and 2002.

In its report, Commission staff stated it found that WebNet committed multiple violations of Maine law and Commission rules in 143 of the consumer complaints, including changing Maine consumers' long distance telephone service without their authorization, i.e., slamming, and charging unauthorized rates and fees. The specific violations included: submission of 69 unauthorized intrastate carrier change orders; use of improper verification procedure in 107 cases; increase in rates without notice to the consumer or the Commission in 82 cases; and charging unauthorized rates and fees in 143 cases.

The staff's report also described the deceptive tactics used by WebNet to defraud Maine consumers, including representing itself as Verizon, promising free calling cards, promising incentive checks, and altering third-party verification tapes. Staff recommended that the Commission assess a \$5 million penalty against WebNet and revoke its certificate to operate in Maine. At the close of 2002, the litigation involving the Commission's investigation of WebNet was ongoing.

The CAD also investigated a large number of slamming complaints against Business Options, Optical Telephone, UKI Communications, and World

Communications Satellite Systems. The CAD anticipates filing additional investigative reports on slamming carriers with the Commission in 2003.

C. Cramming

Maine law and Commission rules (Chapter 297) prohibit service providers from placing charges for services on a customer's local telephone bill without first receiving the customer's authorization, a practice known as "cramming." Chapter 297 also requires billing aggregators and service providers to register with the Commission before they forward charges to be placed on a customer's local telephone bill, and prohibits local phone companies from billing for unregistered service providers. Service providers most frequently offer billing on a customer's local phone bill for services such as voice mail, Internet access, and calling services.

Cramming complaints are relatively new to the CAD, since Chapter 297 only became effective in January 2000. The CAD received 64 cramming complaints in 2002, while it received 6 in 2001, and none in 2000. Of the cramming complaints resolved in 2002, the CAD found that cramming occurred in 87% of the cases. Table 3 lists the service providers that the CAD found crammed five or more customers.

Table 3: Customers Crammed (by Service Provider)

Carrier	No. of Customers
GOINTERNET	7
Main Street Telephone	7
Toll Free Voicemail	6

D. Low-Income Assistance for Electric Customers

In August 2001, the Commission adopted a rule that established standards for a statewide plan to help low-income consumers pay their electric bills. Chapter 314 of the Commission's rules establishes a Statewide Low Income Assistance Plan, which extends the availability of financial assistance to all qualifying consumers in Maine and apportions a greater share of the funds to the most needy areas. Prior to the adoption of Chapter 314, only qualifying low-income customers of Bangor Hydro-Electric Company (BHE), Central Maine Power Company (CMP), and Maine Public Service Company (MPS) received financial assistance from utility-funded low-income programs.

The Maine State Housing Authority administers the utilities' low-income assistance programs. Applications for the programs are coordinated with applications for the federal Low-Income Home Energy Assistance Program (LIHEAP). Chapter 314 makes assistance available to all customers receiving

residential service on a year-round basis when the customer (or a member of the customer's household) is eligible to receive a LIHEAP benefit and does not receive a housing subsidy that limits the total housing cost to a fixed percentage of the household income.

The funds for the low-income assistance programs are obtained through an annual assessment on each utility, which is based on the percentage of the State's residential customers who reside within that utility's service territory. The total program fund is apportioned to each utility based on the percentage of low-income customers who reside within that utility's service territory.

For the first program year under Chapter 314 (October 1, 2001 to September 30, 2002), BHE, CMP, and MPS continued with their existing low-income assistance programs. The seven remaining electric transmission and distribution utilities not exempt from electric restructuring were required to design a program and have it in place by October 1, 2001. To assist with program design, the CAD provided each utility with background information concerning the low-income assistance programs that were in place at BHE (low-income rate), CMP (similar to a percentage of income program), and MPS (a lump-sum benefit applied in June). In addition, each utility was provided with the estimated number of low-income consumers within its service territory, and the amount of total benefits it should provide for this program. Each utility then decided how it wanted its program to operate and filed an implementation plan with the Commission. The CAD assisted the utilities in developing their plans and made recommendations for modifications.

All programs were in place by October 1, 2001. Four of the programs offered a lump sum benefit to qualifying customers who either paid their bill in full or made and kept a payment arrangement during the winter months. One program offered the benefit in three installments and two programs offered monthly benefits. For the first time in Maine's history, assistance was available to virtually all of Maine's low-income electricity consumers regardless of where they lived.

E. Electric Line Extensions

In 2002, the CAD assisted in the revision of the Commission rule on electric line extensions (Chapter 395). On January 29, 2002, the Commission provisionally adopted a rule on construction standards, ownership, and cost allocation for electric distribution line extensions. Because the rule was designated as a "major substantive" rule by 35-A M.R.S.A. § 314(5), it required legislative approval. Changes were made to the provisional rule based upon the legislative review, and the Commission adopted the final version of Chapter 395 on April 9, 2002. It became effective May 12, 2002.

Chapter 395 establishes requirements for line extension construction standards, certification of line extensions, dispute resolution, ownership, transfer of ownership, energization, and allocation of costs when a new customer connects to a line

extension. The rule applies to both single phase and polyphase line extensions. Key provisions of the rule include:

- Line extensions must be built to the standards of the National Electric Safety Code and the Rural Utilities Service, as well as other utility standards. These standards apply whether a transmission and distribution utility or a private contractor builds the line extension.
- The Commission must approve utility line extension and construction standards.
- Prior to energization, a line extension designed and built by a private contractor must be certified by a licensed Professional Engineer, a utility employee, or a person licensed to certify (but no such license to certify currently exists).
- Electric utilities must provide private line contractors with a single point of contact for dispute resolution. If contractors are unable to resolve their disputes with the utility, they can contact the Commission for assistance.
- An individual is allowed to own a line extension on a public or a private way only if that individual is the only customer served by the line extension. Ownership on a public way is allowed only if the customer obtains the required permits from the licensing authority. A line extension serving a development must be turned over to the utility when the first customer takes service.
- A utility can disconnect a private line extension that has not been properly maintained and jeopardizes public safety or the reliability of the grid.
- A private owner of a line may voluntarily transfer ownership of their line to the utility, provided the owner pays the costs associated with bringing the line up to the utility's standards, the Contribution In Aid to Construction (CIAC) tax, interconnection costs, and any other costs approved by the Commission in the utility's Terms and Conditions. A private owner is required to turn a line over to the utility if another person connects to the line.
- A method for reallocating the line extension construction costs when a new customer connects to the line was established. Under the new reallocation method, each customer must pay a portion of the shared line extension cost based on the number of feet each customer uses. Each customer also pays a portion of the CIAC tax based on the number of feet each customer uses. The period during which a line extension is subject to reallocation is 20 years.

The CAD has participated in the review of line extension construction standards and terms and conditions filed by utilities for compliance with the Chapter 395. In addition, the CAD is involved in the dispute resolution process between private contractors and the utilities.

F. Management Audit of Northern Utilities

Over the past two years, the CAD has observed persistent problems with the adequacy of the response by Northern Utilities, Inc. (NUI) to calls from customers to its credit and collections call center (the NUI credit and collections call center handles customer calls relating to credit, collection, and disconnection issues). Customers trying to reach the call center told the CAD they could not reach a live person, or were on hold for an extended period of time before they reached a live person. As a result of these complaints, the CAD made test calls to the call center during the summer of 2001 to evaluate NUI's call answer performance. Of the 407 test calls made between June 18 and November 16, 2001, only 164 (39%) connected to a live person at NUI. Of these, the average wait time was 2 minutes and 54 seconds. In addition, 247 of the calls (61%) failed to reach a live NUI representative within five minutes.

In addition, the CAD received 43 complaints between 2001 and 2002 from NUI customers who received estimated bills over a prolonged period of time that resulted in large "make-up" bills. The make-up bills ranged from \$189.57 to \$3,199.17 for residential customers and from \$1,150 to \$32,040 for commercial customers. In most cases, it appeared that NUI's billing system rejected actual meter readings and replaced them with estimated readings. In other cases, NUI failed to read the meter for extended periods of time, resulting in a large over-collection or under-collection. Consequently, on March 5, 2002, the Commission opened an investigation to review NUI's billing practices and to resolve the large number of consumer complaints about estimated bills.

The call center complaints and billing problems raised a concern with the Commission that other NUI customer-related services might not be adequate. The Commission was also increasingly concerned about NUI's ability to provide adequate service in other areas, such as responding to large-scale outages and other service emergencies. These concerns were tied to NUI's successive post-merger cuts in staffing levels and closure of local facilities.

As a result of these concerns, on March 29, 2002, the Commission initiated a management audit of NUI's customer service practices and opened an investigation to implement a service quality incentive plan. The purpose of the management audit is to evaluate NUI's quality of service compared to similarly sized and structured utilities across the nation and recognized industry standards and benchmarks. The audit is expected to produce recommendations for appropriate service standards to which NUI should be held, and suggest incentives for meeting the standards. The goals of the audit are to evaluate the following issues:

- Call center performance (including informational calls; calls concerning disconnections, reconnections, billing and service; and emergency calls, i.e., reports of gas odors and leaks);

- Estimated meter reads and bills (including frequency of meter reads, accuracy of estimated bills when meters not read, and the effectiveness of NUI's billing system);
- Accuracy of bills (including the percentage of correct bills issued);
- Response to service calls/gas odor calls (including the impact of closing the Lewiston Service Center and cuts in operational staff on NUI's ability to respond to safety, service and gas odor calls); and
- Service appointments met and not met.

In addition to evaluating the above areas, the audit will also identify and set service quality metrics and corresponding penalties for each of the metrics. (Metrics are standards used to measure performance.) The metrics will be used to ensure that NUI provides adequate and reasonable service to its customers.

With the management audit underway, the Commission established an interim call answer metric and associated penalty to ensure that NUI's credit and collection call center performance remained at reasonable a level. The call answer metric required that 80% of the calls be answered by a live person within 30 seconds. The metric included a \$5,000 monthly penalty for failure to meet the standard, as well as a \$60,000 annual penalty. NUI missed the metric the first month it was in place (May 2002) and was assessed a \$5,000 penalty. NUI met the call answer standard for the remaining months in 2002.

The management audit has been completed, but the final report of the audit had not been received by the print date of this report.

III. CONSUMER CONTACTS

The CAD assisted 9,651 constituents in 2002, an increase of 6% over 2001. Consumer contacts included informational requests from ratepayers, mediation requests by residential and business consumers who had disputes with utilities, and requests by electric and gas utilities for authorization to disconnect consumers during the winter period. The CAD receives the majority of its inquiries from customers over the telephone and strives to answer calls live as opposed to forwarding calls to voicemail. In 2002, 96% of the calls to the Consumer Assistance Hotline were answered live. By answering the majority of the calls live, many of the complaints received by the CAD are resolved immediately over the phone.

While the majority of the CAD's contacts with consumers are via telephone, use of online services is increasing. Electronic access to the CAD provides a useful alternative to traditional mail and its toll free Consumer Assistance Hotline. The CAD received 134 consumer contacts by e-mail in 2002 compared to 90 in 2001, an

increase of 50%. In addition, consumers can ask the CAD for assistance from the Commission's web site (<http://www.state.me.us/mpuc/CAD/cad.htm>). Consumer complaints entered on the web site are forwarded via e-mail to the CAD.

A. Consumer Complaints

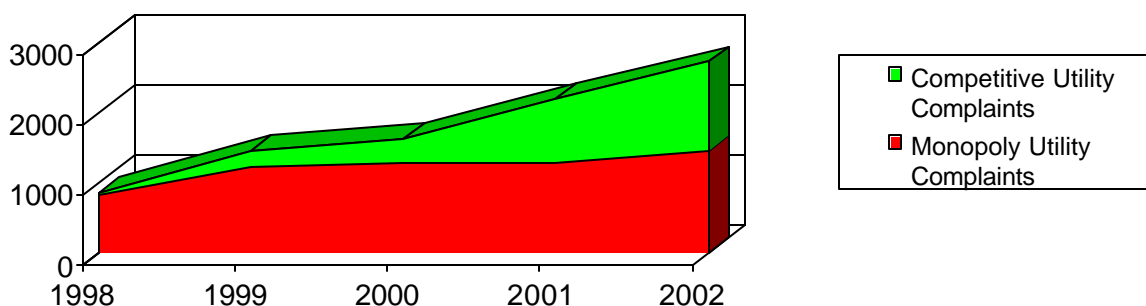
The CAD defines a complaint as a dispute between a utility and a consumer that the consumer has unsuccessfully attempted to resolve. In 2002, the CAD formalized its intake process by implementing a policy that CAD staff use to determine how consumer calls will be classified and when the CAD will accept a complaint from a consumer.

The CAD attempts to mediate disputes between consumers and their utility whenever possible. Many types of disputes are well suited to mediation, including requests for payment arrangements, repairs, medical emergencies, and many billing issues. Mediation may involve a three-way call between the consumer, the utility, and the CAD, or may involve the CAD talking with each party separately. Use of mediation to resolve consumer complaints increases efficiency and, in most cases, results in a high degree of consumer satisfaction.

If a complaint received by the CAD cannot be mediated, the CAD notifies the utility of the complaint and requests information needed to reach a resolution. The CAD will review the utility's response to ensure its actions that led to the complaint were in compliance with Commission rules and the utility's own terms and conditions of operation. The CAD may also seek assistance from other Commission staff to obtain answers to technical questions. After the review, the CAD will discuss its findings with the consumer, and in many instances reach an agreement between the parties. If an agreement cannot be reached, the CAD has the authority to issue a binding decision directing either the consumer or the utility to take specific actions. It may also find that the resolution initially proposed by the utility was reasonable. Decisions of the CAD can be appealed to the Commission for review.

With the increase in competition in the telecommunications and electric industries, the complexion of the consumer complaints received by the CAD is changing. As shown in Figure 2, consumer complaints against competitive utilities have increased each of the past five years, while consumer complaints against monopoly utilities have remained relatively constant. The increase in competitive utility complaints is due primarily to the advent of intraLATA presubscription in 1997, which allowed consumers to select an in-state long distance carrier of their choice. The majority of the consumer complaints against competitive utilities involved unauthorized changes in telephone service (slamming), or unauthorized charges on local telephone bills (cramming).

Figure 2: Consumer Complaints (by Year)

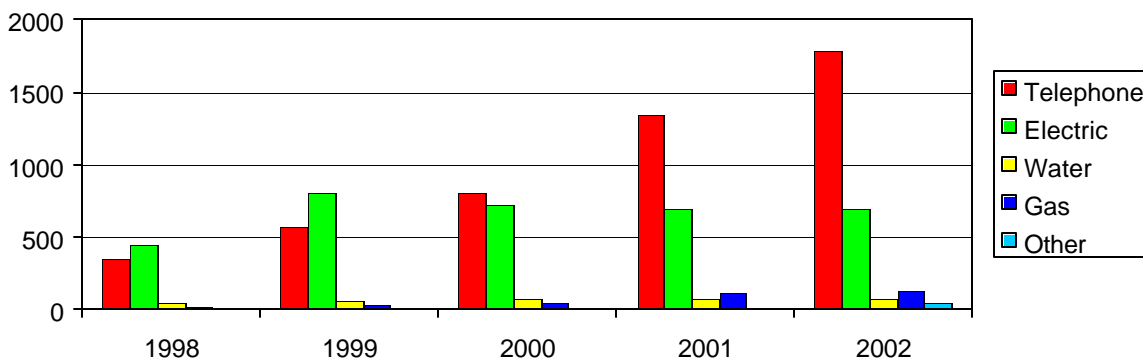


Complaints Received. In 2002, the CAD received 2,734 consumer complaints—the largest number in its history. This is a 24% increase over the 2,212 complaints received in 2001, and a 66% increase over the 1,645 complaints received in 2000. As shown in Figure 2, the number of complaints received has increased each year for the past five years.

As shown in Figure 3, telecommunications complaints have increased each year for the past five years. By contrast, the number of complaints received against electric and water utilities have remained relatively constant over the past three years. The number of complaints against gas utilities has increased by 21% between 2001 and 2002. Telecommunications complaints accounted for 65% of the complaints received by the CAD in 2002 and complaints against electric utilities accounted for 26%.

The telecommunications complaints were primarily from customers who had billing disputes or who believed an interexchange carrier changed their telephone service without their permission (slamming). Details on the types of complaints received against specific utilities are discussed in Section IV, Utility Complaint Profiles.

Figure 3: Consumer Complaints (by Utility Type)



Complaints Resolved. The CAD resolved 2,461 complaints in 2002, 31% more than in 2001 (1,873), and 59% more than in 2000 (1,544). In 2002, more than 700 consumer complaints were successfully mediated. Of these, 77% involved negotiating a payment arrangement between the customer and the utility. In 2002, over 47% of the complaints were resolved by the CAD within 30 days of receipt.

The increase in the number of complaints resolved in 2002 is due in part to the increase in the number of complaints received, but can also be attributed to continued improvements in the CAD's complaint handling process. Changes implemented in 2002 included:

- Transferring responsibility for resolution of slamming and cramming complaints from a single senior staff member to all front-line staff. This increased the number of staff resolving slamming and cramming complaints from one to six, and removed a time consuming step in the process.
- Revising standard-form letters to improve their accuracy and usability.
- Modifying the CAD's complaint tracking system to simplify data entry and improve automation of standard-form letters.

Taken collectively, these measures improved the efficiency of the CAD's resolution of consumer complaints and contributed to the increase in the number of complaints resolved in 2002.

Abatements. As a result of complaint investigations completed in 2002, the CAD assisted 762 consumers obtain \$731,452.61 in abatements from utilities, the largest amount ever abated to Maine consumers. This was a significant increase from 2001 when 468 consumers obtained \$247,950.50 in abatements, and 2000, when 224 consumers obtained \$223,173.66 in abatements. The dramatic increase in the amount abated in 2002 was due primarily to abatements obtained in two cases (\$56,820.03 from a water utility, and \$425,112 from an electric utility). Table 4 shows the breakdown of abatement amounts by type of utility.

Table 4: Abatement Amounts

Utility Type	No. of Abatements	Amount Abated
Communications	682	\$143,730.73
Electric	53	\$510,071.80
Gas	18	\$7,737.46
Water	9	\$69,912.62
Total	762	\$731,452.61

Appeals of CAD Decisions. Both the consumer and the utility may appeal a decision made by the CAD. Appeals of CAD decisions are reviewed by the Commission's Legal Division and then decided by the Commission. In 2002, consumers and utilities appealed 28 CAD decisions, or 1.1% of the cases resolved by the CAD. In 2001, 0.5% of the CAD's decisions were appealed, while 1.3 % of the CAD's decisions were appealed in 2000. The increase in the percentage of cases appealed is due in part to an increase in the number of slamming cases resolved. One third of the decisions appealed in 2002 were cases in which the CAD found that a carrier slammed a consumer. A higher appeal rate is expected if the decision could lead to enforcement action, which may include imposition of an administrative penalty. In 2002, the Commission upheld the CAD's decision in 11 cases and remanded one case back to the CAD for further review. One appeal was withdrawn. The remaining appeals are pending.

B. Requests for Information

Calls or letters in which the CAD provides information to consumers are tracked as information contacts, as are requests by electric or gas utilities to disconnect consumers during the winter period (November 15 to April 15). The CAD had 6,917 information contacts in 2002.

Consumers requested information from the CAD on utility billing practices, electric restructuring, Dig Safe, recent Commission decisions and their impact on ratepayers, and ratepayer rights and responsibilities. Consumers also asked the CAD for guidance on resolving disputes with utilities, and on what types of assistance are available to low-income consumers who are having trouble paying their bills.

Many calls were about Dig Safe, a program designed to protect underground utility facilities from damage and prevent the interruption of services. In 2002, the Commission began aggressively promoting public awareness of the Dig Safe law. As a result, the CAD received over 400 requests for Dig Safe fact sheets, informational brochures, and posters.

C. Requests for Winter Disconnection

It is the Commission's policy that during winter months, when severe weather conditions can pose a threat to health and safety, residential customers of electric and gas utilities should not be disconnected because of their inability to pay the entire amount owed. It is also the Commission's policy that utilities should attempt to enter into payment arrangements with their customers, and that customers must pay a reasonable portion of each utility bill when due during the winter period and avoid accumulation of arrearages that will be difficult to pay on a reasonable schedule during the summer months.

These policies are stated in the preface to the Commission's rules on "winter disconnection," which is the period between November 15 and April 15 of each year. During this period, a utility may disconnect service to an occupied dwelling only after it has received authorization from the CAD. However, both Central Maine Power Company and Bangor Hydro-Electric Company have obtained exemptions from this requirement and may disconnect a customer without authorization from the CAD if they are unsuccessful in their attempts to achieve contact with the customer.

The CAD received 375 requests from utilities to disconnect consumers' gas or electric service during the winter of 2001-2002 (see Table 5). This is a 5% increase over the 358 requests received during the winter of 2000-2001, and a 71% decrease from the 1,286 requests received during the winter of 1999-2000. While more requests for winter disconnection were received in 2001-2002 than the previous year, the number is still significantly below the historical average. The low number of requests this past winter is attributed in part to the fact that CMP did not begin submitting requests for winter disconnection until January 2002. CMP usually begins submitting requests on November 15.

Of the 2001-2002 requests for winter disconnection, 30% were granted. Requests that were granted typically involved services abandoned by consumers. Requests to disconnect were denied when the CAD established a payment arrangement for the consumer pursuant to the winter disconnection rule, or consumers brought their accounts current, thereby avoiding the need for disconnection.

Table 5: Winter Disconnection Requests

Utility	Requests Received	Requests Granted	Requests Denied
Bangor Hydro-Electric Company	1	1	0
Central Maine Power Company	324	101	223
Eastern Maine Electric Cooperative	27	8	19
Madison Electric Works	6	2	4
Matinicus Plantation Electric Co-op	9	0	9
Swans Island Electric Co-op	6	1	5
Van Buren Light & Power	2	1	1
Total	375	114	261

D. Requests for Exemption

The CAD reviews requests by utilities for exemptions from the Commission's consumer protection rules involving a single consumer. The CAD received 6 exemption requests in 2002, compared to 9 in 2001 and 12 in 2000. Half of the requests received in 2002 involved a utility seeking permission to add a customer's final bill to another customer's account. Nine requests for exemption were resolved

in 2002. The CAD granted two requests, denied four, and three were withdrawn by the utility.

E. Violations of Commission Rules

In 2002, the CAD identified violations of the Commission's consumer protection rules in 762 consumer complaints. More than 72% of these complaints involved violations of Chapter 296, the Commission's slamming rule. The Chapter 296 violations involved use of improper format in obtaining a customer's authorization or an unauthorized change in a customer's telecommunications service (slamming).

About 10% of these complaints involved violations of Chapter 297, the Commission's anti-cramming rule. The Chapter 297 violations involved unauthorized charges from a service provider, and failure of a service provider or billing aggregator to register with the Commission. Violations identified in the remaining complaints involved a utility's failure to provide notice of a rate increase or follow its rate schedule, and improper disconnection.

IV. UTILITY COMPLAINT PROFILES

This section profiles the performance of Maine utilities with respect to consumer complaints received during the year. Complaints received by the CAD are used to assess the complaint handling performance of the major electric, gas, water, and telephone utilities. In nearly every case, the consumer has already contacted the company about the problem prior to contacting the CAD. Only slamming complaints are accepted when the consumer has not attempted to resolve the dispute directly with the utility.

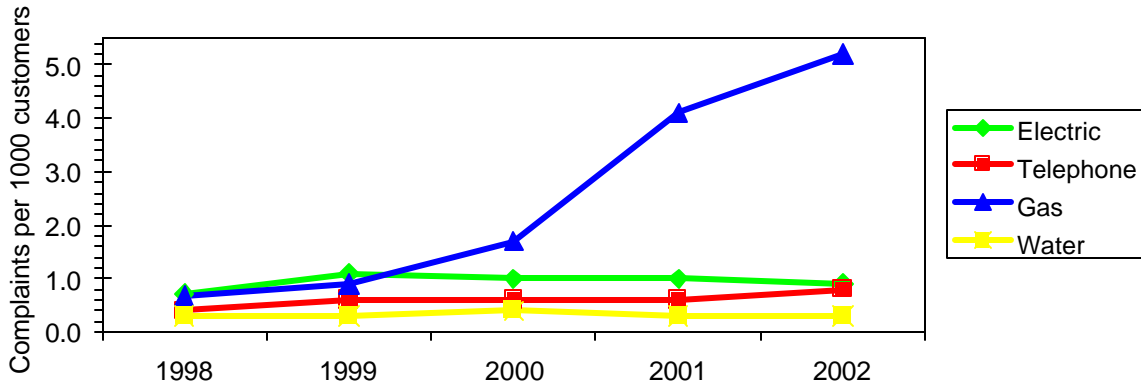
The calculation of a consumer complaint rate (consumer complaints per 1,000 consumers) facilitates comparison among utilities of various sizes. The CAD has found that high consumer complaint rates or significant increases from one year to the next often indicate patterns and trends that should be investigated. Prior to 2001, the CAD used the number of complaints resolved to calculate complaint rates. However, because the number of complaints received more accurately reflects a utility's performance, that number was used to calculate the complaint ratio starting with the CAD's 2001 report.

This section is organized by industry type. Information is provided on major utilities, as well as smaller utilities with a significant number of consumer complaints. The Appendix is a compilation of complaints received in 2002 against all utilities (except interexchange carriers) and the issues involved.

As shown in Figure 4, the complaint rate for natural gas utilities has increased each year for the past five years, while the complaint rates for telephone, electric and water utilities have remained relatively constant for the past five years. (Note:

The telephone complaint rate includes only local exchange carriers. Complaint rates for interexchange carriers have not been calculated.) A discussion on the types of complaints received against each utility type follows.

Figure 4: Complaint Rates (by Utility Type)



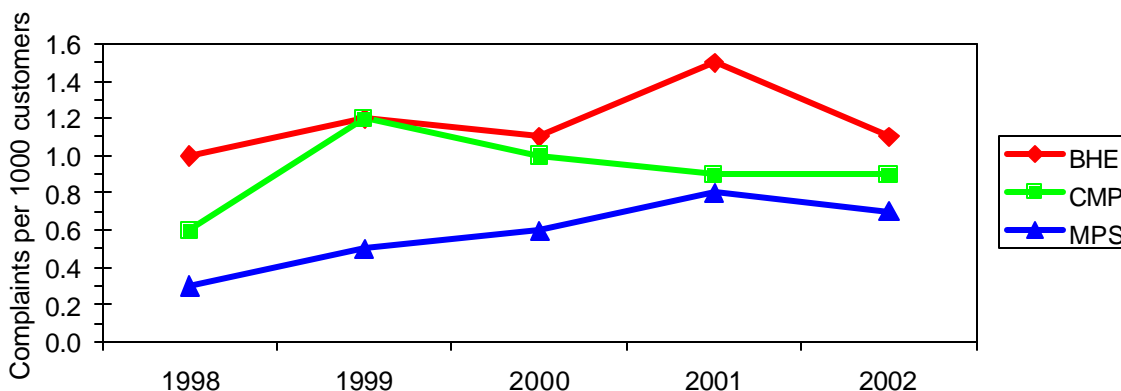
A. Electric Utilities

Thirteen electric utilities provide transmission and distribution services to Maine consumers. Of these, three are investor-owned (Central Maine Power Company, Bangor Hydro-Electric Company, and Maine Public Service Company) and the remainder are consumer-owned. The investor-owned electric utilities served nearly 98% of Maine's electric consumers, and accounted for nearly 95% of the complaints received in 2002.

As of March 1, 2000, Maine's wholesale and retail electric supply markets were opened to competition. By the end of 2002, Maine's competitive electric market remained among the most successful in the nation, with one-third of the load served by competitive providers. Competitive electricity providers serve nearly 70% of the large industrial electric consumers and almost 30% of the mid-sized electric consumers. The retail market for residential and small non-residential consumers has been slow to develop, however, due to high customer acquisition and service costs. As a result, competitive electricity providers serve less than 1% of the residential and small non-residential electric consumers. The CAD has never received a complaint against a competitive electricity provider.

The CAD received 699 complaints against electric transmission and distribution utilities in 2002, a 1% increase over the 693 complaints received in 2001, and a 5% decrease from the 728 complaints received in 2000. As shown in Figure 5, the complaint rates for the three investor-owned utilities decreased or remained constant between 2001 and 2002. Additional details on complaints against the three investor-owned utilities are provided below, while complaint statistics for all electric utilities are summarized in the Appendix.

Figure 5: Electric Utility Complaint Rates

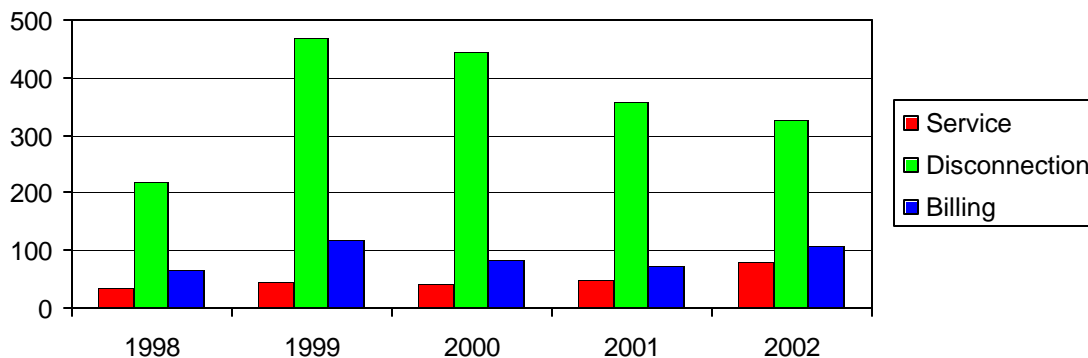


1. Central Maine Power Company

In 2002, the CAD received 517 complaints against Central Maine Power (CMP), a 7% increase over 482 complaints in 2001, and an 8% decrease from 566 complaints in 2000. CMP's complaint rate has remained relatively constant for the past three years. In 2001 and 2002, the rate was 0.9 complaints per 1,000 consumers; in 2000, it was 1.0.

As shown in Figure 6, CMP complaints related to service and billing increased in the past year. Complaints related to threatened or actual disconnection have decreased each year for the past four years.

Figure 6: CMP Complaints (by Issue)

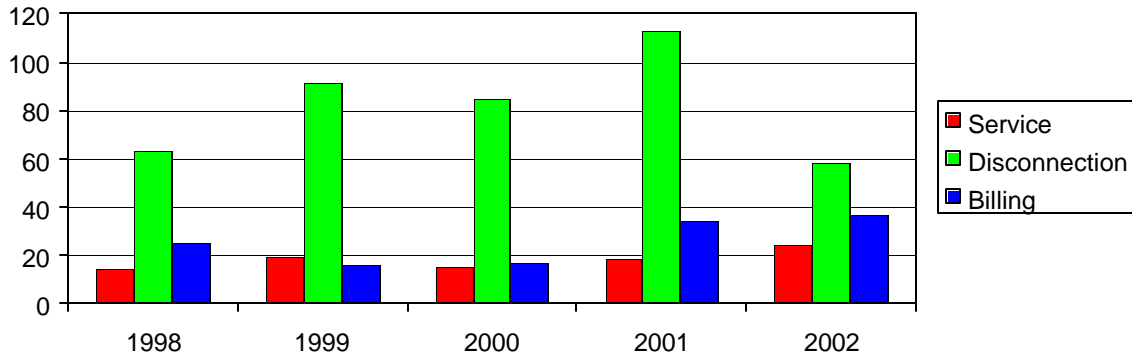


2. Bangor Hydro-Electric Company

In 2002, the CAD received 120 complaints against Bangor-Hydro Electric Company (BHE), a 27% decrease from 165 complaints in 2001, and comparable to 119 complaints in 2000. BHE's complaint rate in 2002 was 1.1 complaints per 1,000 consumers, a decrease from a complaint rate of 1.5 in 2001. Their complaint rate in 2000 was also 1.1.

As shown in Figure 7, BHE complaints related to threatened or actual disconnection decreased by 50% between 2001 and 2002. This decrease is most likely the result of BHE's efforts to establish reasonable payment arrangements with customers to avoid disconnection of their service. Complaints related to service and billing increased slightly each of the past three years.

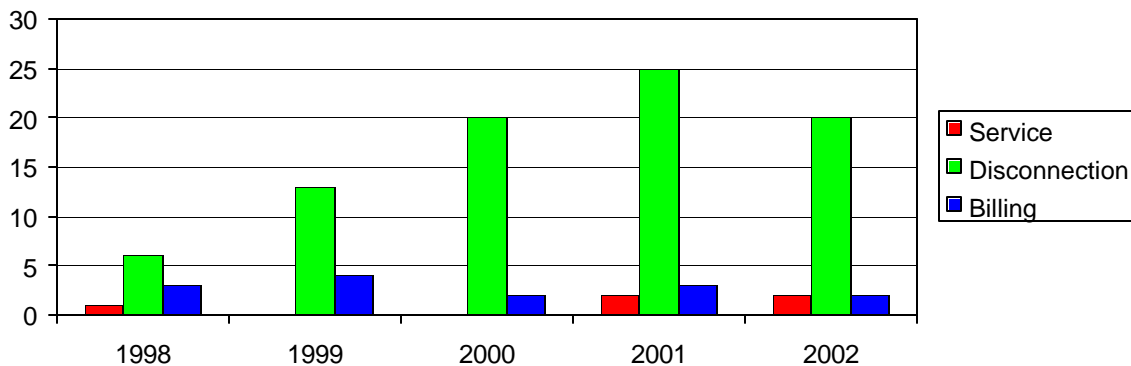
Figure 7: BHE Complaints (by Issue)



3. Maine Public Service Company

In 2002, the CAD received 24 complaints against Maine Public Service Company (MPS), a 20% decrease from 30 complaints in 2001, and a slight increase over 22 complaints in 2000. MPS's complaint rate has historically been the lowest of the investor owned utilities. It was 0.7 complaints per 1,000 consumers in 2002, 0.8 in 2001, and 0.6 in 2000. As shown in Figure 8, MPS complaints related to billing and actual or threatened disconnection decreased in 2002, while complaints related to service remained the same.

Figure 8: MPS Complaints (by Issue)



B. Telephone Utilities

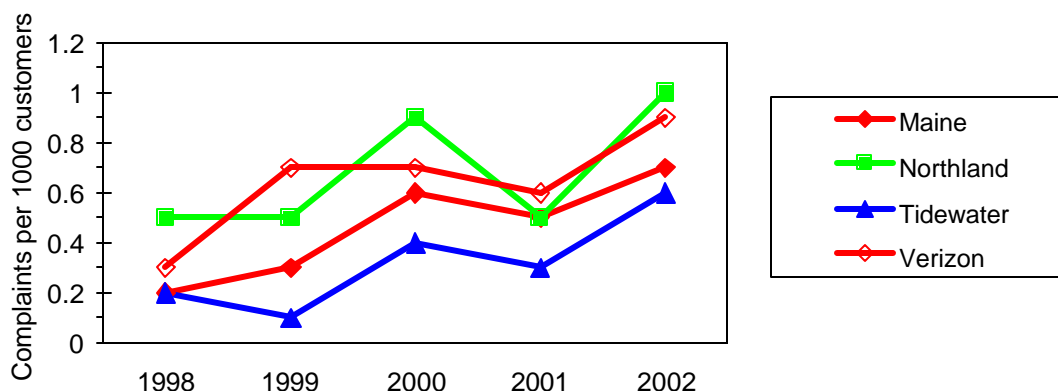
There are 24 incumbent local exchange carriers (LECs) authorized to provide service in Maine. In addition, the Commission has authorized 307 telephone companies to provide in-state toll service and 69 companies to compete in the local

exchange market in Maine. The CAD received 558 complaints against incumbent local exchange carriers in 2002, a 33% increase over the 419 complaints received in 2001, and a 29% increase over the 434 complaints received in 2000. On the competitive side of the market, in 2002 the CAD received 1,158 complaints against competitive local exchange carriers (CLECs) and interexchange carriers (IXCs), a 37% increase over the 847 complaints received in 2001, and a 260% increase over the 322 complaints received in 2000.

The majority of complaints against LECs involved the inability of customers to pay their bills (52%) and disputed charges (20%). The majority of complaints against CLECs and IXCs involved slamming (51%) and disputed charges (42%). Complaints from customers who switched their service from a LEC to a CLEC (or vice versa) increased in 2002. Consumers complained of both installation delays and loss of service, with outages varying from a few hours to several weeks. While the number of consumer complaints resulting from LEC/CLEC transfers was less than 2% of all telecommunications complaints received in 2002, the CAD spent a disproportionate amount of time resolving them. The CAD believes the primary reason for the service loss or delay was a breakdown in communications between the carriers.

While the CAD takes complaints against all telecommunications carriers, complaint rates have been calculated only for local exchange carriers. Figure 9 shows the complaint rates for local exchange carriers against whom the CAD received 6 or more complaints in 2002. Complaint rates for all LECs other than Verizon can fluctuate widely from year to year because of their relatively small customer base. For example, Tidewater Telephone went from a complaint rate of 0.1 in 1999 (one complaint) to a complaint rate of 0.6 in 2002 (7 complaints).

Figure 9: Telephone Utility Complaint Rates



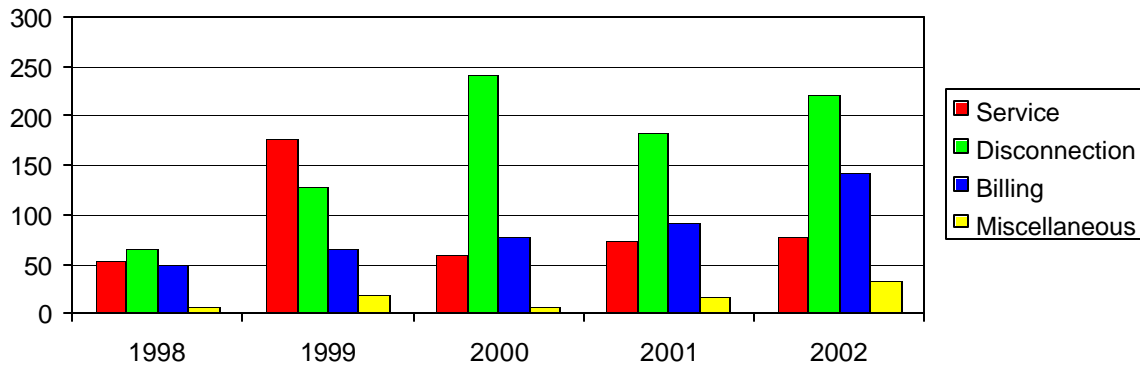
A discussion of the telecommunications carriers against whom the CAD received a significant number of complaints follows.

1. Verizon

In 2002, the CAD received 473 complaints against Verizon, a 30% increase over 363 complaints in 2001, and a 23% increase over 385 complaints in 2000. Correspondingly, Verizon's complaint rate increased from 0.6 in 2001 to 0.9 in 2002. Its complaint rate in 2000 was 0.7.

As shown in Figure 10, the number of billing complaints increased each of the past five years, while service and miscellaneous complaints increased each of the past three years. Complaints in the miscellaneous category included 15 cramming complaints and 8 slamming complaints. Complaints related to threatened or actual disconnection increased in the past year. The CAD believes the increase in complaints in the past year may be attributed to Verizon's failure to work with consumers to establish reasonable payment arrangements. Over 55% of the complaints against Verizon involved the inability of customers to pay their bills, while 26% of the complaints involved disputed charges.

Figure 10: Verizon Complaints (by Issue)



2. AT&T

In 2002, the CAD received 262 complaints against AT&T, a 17% decrease from 314 complaints in 2001, and a 65% increase over 160 complaints in 2000. The reason for this fluctuation is unknown. More than 66% of the complaints received in 2002 concerned disputed charges, while 25% of the complaints against AT&T concerned unauthorized changes in telephone service (slamming).

3. MCI

In 2002, the CAD received 226 complaints against MCI, a 63% increase over 138 complaints in 2001, and a 186% increase over 79 complaints in 2000. The CAD believes the increase in complaints over the past three years is attributed to MCI's failure to work with consumers to resolve their disputes. More than 60% of the complaints received in 2002 concerned disputed charges, while 35% concerned unauthorized changes in telephone service.

4. Other Interexchange Carriers

As discussed in Section II of this report, the CAD received a large number of slamming complaints against interexchange carriers in 2002. The CAD also received complaints from consumers that they were not charged the rates promised when they agreed to change their service. Two carriers accounted for a significant number of complaints received by the CAD in 2002: Business Options and World Communications Satellite Systems (WCSS). The CAD received 146 complaints against Business Options (139 alleged slamming) and 203 complaints against WCSS (147 alleged slamming). The large number of complaints against these two carriers was particularly troubling given each company's relatively small market share in Maine.

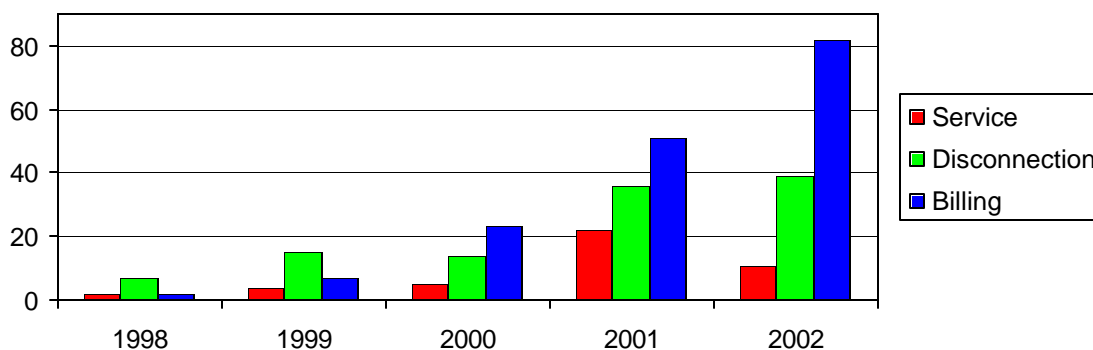
C. Natural Gas Utilities

Three natural gas utilities currently serve portions of Maine: Northern Utilities, Inc., Bangor Gas Company, LLC, and Maine Natural Gas, LLC. Since the CAD has never received complaints against either Bangor Gas or Maine Natural Gas, this section will focus solely on Northern Utilities, Inc. (NUI). NUI serves 98% of Maine's natural gas consumers.

The CAD received 132 complaints against NUI in 2002, a 21% increase over 109 complaints in 2001, and a 200% increase over 42 complaints in 2000. NUI's complaint rate has increased each year for the past five years. In 2002, NUI's complaint rate per 1,000 customers was 5.3; in 2001 it was 4.1; and in 2000 it was 1.8.

As shown in Figure 11, the increase in complaints against NUI is primarily in the billing category. The problems experienced by customers of NUI were previously discussed in Section II of this report.

Figure 11: NUI Complaints (by Issue)



D. Water Utilities

The Commission has approved 158 water utilities to provide service in Maine. In 2002, the CAD received 72 complaints against these utilities. A breakdown of complaints received by utility and issue can be found in the Appendix.

E. Water Common Carriers

The Commission has approved 10 companies to provide public ferry service on Casco Bay. The CAD has never received any complaints against water common carriers.

V. EDUCATION AND OUTREACH

The CAD's efforts to increase public awareness of utility issues included issuing consumer bulletins to the news media on regulatory matters and areas of concern. The CAD's home page (<http://www.state.me.us/mpuc/cad/cad.htm>) includes fact sheets, brochures, consumer bulletins, "tips of the month," consumer complaint statistics, and annual reports. Consumers can also file a complaint regarding their utility services while on-line. As more utility services move toward competition, it is expected the CAD's educational role will continue to increase.

A. Consumer Bulletins

The CAD issued three Consumer Bulletins in 2002 on telecommunication issues. Topics addressed included pre-paid calling cards, Verizon's use of customer information, and how to submit a claim under the AT&T/Lucent Technologies telephone lease class action settlement. Consumer Bulletins are sent to all in-state media services (newspapers, radio, television), social service agencies, and others such as the Congressional delegation and the Governor's office, and are posted on the CAD's website. A brief description of each bulletin follows.

What Consumers Should Know About Pre-paid Calling Cards

Issued January 3, 2002, this bulletin described how to use pre-paid calling cards to ensure that consumers received the long distance rates they envisioned when they purchased the card. The bulletin also discussed common consumer complaints and suggested consumers check their pre-paid calling cards for instructions on their use, information on rates, and possible expiration dates.

Use Of Customer Information

Issued March 20, 2002, this bulletin provided information to consumers on the sharing of personal information (referred to as Customer Proprietary Network

Information) between companies. The bulletin also described the steps consumers should take to protect their personal data from sharing.

Maine Consumers May Be Eligible For A Refund

Issued November 26, 2002, this bulletin advised individuals who leased a telephone before January 1, 1984, and continued to lease a telephone from AT&T or Lucent Technologies after January 1, 1986, that they might be eligible for a refund as part of the settlement of a class action lawsuit against AT&T and Lucent Technologies. The bulletin advised consumers who thought they were eligible to submit a claim under the settlement, and provided information on how to obtain a claim form and where to submit completed claim forms.

B. Other Outreach Activities

As part of the CAD's efforts to increase public awareness of utility issues, CAD staff provided information on credit and collection procedures, payment arrangements, and low-income programs to about 25 people at a meeting sponsored by the Maine Welfare Directors Association. CAD staff also attended the Justice Action Group's Intake and Referral Conference, and provided information to about 50 attendees on the CAD's role in investigating consumer complaints and how the CAD can assist utility customers in establishing payment arrangements with their utilities.

Assisting utilities with the interpretation of Commission rules is another component of the CAD's outreach effort. In 2002, the CAD received 180 calls from utilities seeking assistance. In addition, four seminars were held throughout the state at the request of the Maine Rural Water Association at which information was provided to about 60 participants on credit and collection issues, liens, bankruptcy, landlord/tenant issues, private power lines, applications for service, disconnection requirements, and meter testing.

The CAD assists utilities by reviewing their credit and collection procedures to ensure they are reasonable and in compliance with Commission rules, and to ensure that service-related procedures are handled in a uniform, fair, and reasonable manner. The CAD also responds to utility requests for assistance in dealing with their more complex consumer issues. This often means providing advice on how to proceed with disconnection or a collection action related to accounts with high balances, life support equipment, and such other matters as the failure to repair service lines, bankruptcy issues, master-metered units, and line extensions.

VI. LOOKING FORWARD TO 2003

The CAD expects its workload to continue to increase in 2003 due largely to the growing number of complaints associated with competitive utility service. The increase in complaints is associated primarily with the increase in competition in the local and long distance telecommunications markets. The increase may also be due in part to the CAD being more accessible to consumers. Over the past few years, the CAD has worked diligently to enhance public awareness of the assistance available when consumers have a dispute with a utility.

The CAD also expects an increase in enforcement actions resulting from slamming and other violations of Commission rules. At the close of 2002, the litigation involving the Commission's investigation of WebNet was still ongoing. In addition, CAD staff is investigating the large number of slamming complaints against Business Options and World Communications Satellite Systems. CAD staff anticipates filing their investigative reports on these carriers with the Commission in 2003. Since the investigation of slamming complaints is very time consuming, the CAD expects to review the resource implications of this increasing workload to ensure that the needs of consumers are met.

During 2003, the CAD will continue its involvement with the CMP Polyphase Line Extension case, the York Transmission Line case, the Adequacy of Utility Service During Power Outages case, as well as the review of electric utility standards and Terms and Conditions regarding line extensions. The CAD will also continue mediating disputes between private line contractors and electric utilities. In addition, the CAD will participate in a possible rulemaking for telephone line extensions, any legislation associated with line extensions or utility service, and any investigation that might be undertaken regarding electric service issues.

The CAD also expects to devote substantial time to several docketed cases, including the management audit of Northern Utilities and the revision of the medical emergency provision of Chapter 81.